TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Memorial Compounding Pharmacy

Respondent Name
Employers Assurance Company

MFDR Tracking Number
M4-17-1494-01

Carrier's Austin Representative
Box Number 04

MFDR Date Received
January 20, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The attached bills have been denied by the carrier stating no preauthorization. The reconsideration came back denied after reconsideration. We are now requesting Medical Fee Dispute Resolution."

Amount in Dispute: $1,218.66

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The compound medication was denied on the basis of no prior authorization request. The mixture of the medications constitutes the creation of an experimental or investigational drug."

Response Submitted by: EIG Services, Inc.

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
June 10 and 30, 2016	Pharmacy Services – Compound	$1,218.66	$1,218.66

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §133.10 sets out the requirements for completing a medical bill.
3. 28 Texas Administrative Code §134.502 sets out the requirements for pharmacy services.
4. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
5. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 16 – Claim/service lacks information or has submission/billing error(s) which is needed for adjudication.

Issues

1. Did Employers Assurance Company raise the issue of preauthorization in accordance 28 Texas Administrative Code §133.307?
2. Is Employers Assurance Company's reason for denial of payment supported?
3. Is Memorial Compounding Pharmacy (Memorial) entitled to reimbursement of the disputed services?

Findings

1. In its position statement, EIG Services, Inc. stated on behalf of Employers Assurance Company that "The compound medication was denied on the basis of no prior authorization request." 28 Texas Administrative Code §133.307(d)(2)(F) states, in relevant part, "The response shall address only those denial reasons presented to the requestor prior to the date the request for MFDR was filed with the division and the other party. Any new denial reasons or defenses raised shall not be considered in the review."

   Review of the submitted documentation does not support that a denial for preauthorization was presented to Memorial prior to the date the request for medical fee dispute resolution (MFDR) was filed with the division. Therefore, this denial reason is considered a new issue and will not be considered in this review.

2. Memorial is seeking reimbursement of $1,218.66 for a compound dispensed on June 10, 2016, and June 30, 2016 with the following ingredients:

Ingredients	Amount
Versapro Cream	40.8 gm
Ethoxy Diglycol	4.2 ml
Amitriptyline HCl	1.8 gm
Bupivacaine HCl	1.2 gm
Gabapentin USP	3.6 gm
Amantadine HCl	3.0 gm
Baclofen	5.4 gm

   Per explanations of benefits dated June 29, 2016, and July 27, 2016, the compound was denied with claim adjustment reason code 16 – "CLAIM/SERVICE LACKS INFORMATION OR HAS SUBMISSION/BILLING ERROR(S) WHICH IS NEEDED FOR ADJUDICATION."

   Review of the submitted information supports that the compound in question was billed in accordance with 28 Texas Administrative Codes §§133.10 and 134.502. Employers Assurance Company failed to support the reduction of payment based on this reason.

3. 28 Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:

   (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
   (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
   (A) Generic drugs: ((AWP per unit) x (number of units) x 1.25) + $4.00 dispensing fee per prescription = reimbursement amount;
   (B) Brand name drugs: ((AWP per unit) x (number of units) x 1.09) + $4.00 dispensing fee per prescription = reimbursement amount;
   (C) When compounding, a single compounding fee of $15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
   (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
   (A) health care provider; or
   (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2).

Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Compound Fee	NA	$15.00	1	$15.00	$15.00	$15.00
Versapro Cream	38779252903 Brand Name	$3.20	40.8 gm	$3.20 x 40.8 x 1.09 = $142.31	$102.00	$102.00
Ethoxy Diglycol	38779190301 Generic	$0.342	4.2 ml	$0.342 x 4.2 x 1.25 = $1.80	$1.44	$1.44
Amitriptyline HCl	38779018904 Generic	$18.24	1.8 gm	$18.24 x 1.8 x 1.25 = $41.04	$31.63	$31.63
Bupivacaine HCl	38779052405 Generic	$45.60	1.2 gm	$45.60 x 1.2 x 1.25 = $68.40	$48.02	$48.02
Gabapentin USP	38779246109 Generic	$59.85	3.6 gm	$59.85 x 3.6 x 1.25 = $269.33	$188.10	$188.10
Amantadine HCl	38779041105 Generic	$24.225	3.0 gm	$24.225 x 3 x 1.25 = $90.84	$38.46	$38.46
Baclofen	38779038809 Generic	$35.63	5.4 gm	$35.63 x 5.4 x 1.25 = $240.50	$184.68	$184.68
					Total	$609.33
					x2	$1,218.66

The total reimbursement is therefore $1,218.66. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $1,218.66.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor $1,218.66, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

Signature	Laurie Garnes Medical Fee Dispute Resolution Officer	August 21, 2017 Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012**.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.